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BEFORE THE ARIZONA CORPORATION

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AZ CORP COMMISSION
DOCKET CONTROL

COMMISSIONERS

SUSAN BITTER SMITH - CHAIRMAN
BOB STUMP
BOB BURNS
DOUG LITTLE
TOM FORESE

IN THE MATTER OF THE APPLICATION OF
SUNZIA TRANSMISSION, LLC, IN
CONFORMANCE WITH THE
REQUIREMENTS OF ARIZONA REVISED
STATUTES 40-360, ET. SEQ., FOR A
CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY AUTHORIZING THE
SUNZIA SOUTHWEST TRANSMISSION
PROJECT, WHICH INCLUDES THE
CONSTRUCTION OF TWO NEW 500KV
TRANSMISSION LINES AND ASSOCIATED
FACILITIES ORIGINATING AT A NEW
SUBSTATION (SUNZIA EAST) IN LINCOLN
COUNTY, NEW MEXICO, AND
TERMINATING AT THE PINAL CENTRAL
SUBSTATION IN PINAL COUNTY, ARIZONA.
THE ARIZONA PORTION OF THE PROJECT
IS LOCATED WITHIN GRAHAM, GREENLEE,
COCHISE, PINAL AND PIMA COUNTIES.

DOCKET NO. L-00000YY-15-0318-00171

Arizona Corporation Commission

DOCKETED

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**COMMISSION STAFF'S NOTICE OF
FILING ADDITIONAL EXHIBIT**

During the November 4, 2015 session of the Arizona Power Plant and Transmission Line Siting Committee ("Committee") meeting regarding the above captioned matter, the Committee questioned Arizona Corporation Commission ("Commission") Utilities Division Staff ("Staff") regarding the status of utility compliance with the Commission's Renewable Energy Standard Rules. In response, Staff hereby provides notice of filing the attached Staff Memorandum that describes the current state of utility compliance by Arizona Public Service Company, Tucson Electric Power Company, and UNS Electric, Inc.

RESPECTFULLY SUBMITTED this 13th day of November, 2015.

Charles H. Hains
Attorney, Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
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1 **Original and twenty-eight (28) copies of the**
2 **foregoing filed this 13th day of November,**
3 **2015, with:**

4 Docket Control
5 Arizona Corporation Commission
6 1200 West Washington Street
7 Phoenix, Arizona 85007

8 **Copy of the foregoing emailed this**
9 **13th day of November, 2015, to:**

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**Copy of the foregoing mailed this
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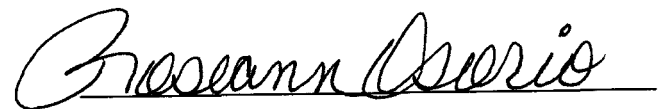
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MEMORANDUM

TO: Arizona Power Plant and Transmission Line Siting Committee

FROM: Tom Broderick
Director
Utilities Division

DATE: November 13, 2015

RE: STAFF RESPONSE TO COMMITTEE REQUEST FOR INFORMATION ON ARIZONA UTILITY COMPLIANCE WITH COMMISSION RENEWABLE ENERGY STANDARD AND TARIFF REQUIREMENTS (DOCKET NO. L-00000YY-15-0318-00171)

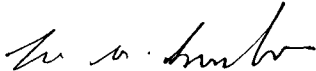
At the November 4, 2015 session of the Arizona Power Plant and Transmission Line Siting Committee ("Committee") meeting, Arizona Corporation Commission ("Commission") Utilities Division Staff ("Staff") presented its testimony and answered questions from the Committee and various parties. During the proceeding, the Committee asked Staff to provide information regarding Commission Renewable Energy Standard and Tariff ("REST") rules compliance by the three largest jurisdictional utilities, Arizona Public Service ("APS"), Tucson Electric Power Company ("TEP"), and UNS Electric, Inc. ("UNS"). Potential renewable generation carried over the proposed SunZia transmission project could qualify for consideration under the portion of the REST rules utility scale requirement, that is, that portion of renewable energy that is normally not met by distributed generation ("DG"). The utility scale requirement comprises 70 percent of the overall REST requirement at this time and in future years. Staff would note that a utility can use DG to help the utility meet the 70 percent requirement, but the utilities typically have not done so. Thus, Staff's response focuses on the 70 percent of the REST requirement that can be met by utility scale renewable generation.

For TEP¹ and UNS², their July 1, 2015 REST plan filings with the Commission each include a graph showing their utility scale resources and how that compares to their annual target for the non-DG portion of the REST requirement. The July 1st filings also include a table showing the current and future utility scale generation facilities. The graph and table for TEP's and UNS's filings are provided in response to the Committee's request. In both cases the utilities are projected to have enough utility scale generation to meet the 70 percent of the REST requirement that can be met by utility scale generation through approximately 2020, after which they would need additional renewable energy resources to meet this portion of the REST requirement.

¹ See TEP's REST Plan filing made on July 1, 2015 in Docket No. E-01993A-15-0239

² See UNS's REST Plan filing made on July 1, 2015 in Docket No. E-0424A-15-0233

APS also filed its REST Plan on July 1, 2015.³ APS's plan has an exhibit (Exhibit 1A) that shows the RES Generation Targets and the existing and planned renewable generation that will meet the RES Generation Requirement (provided by utility scale generation). The exhibit shows that APS will produce excess MWh in each of the five years of the Plan period (2016-2020). Since APS will produce "excess" MWh each year, those MWh can be "banked" by APS for use in future years, after 2020. APS's Exhibit 1A is also attached to this memorandum.



Thomas M. Broderick
Director
Utilities Division

TMB:RGG:RTW:red\CHH

ORIGINATORS: Robert Gray and Ray Williamson

³ See APS's REST Plan Filing made on July 1, 2015 in Docket No. E-01345A-15-0241.

Exhibit 1A: APS 2016 - 2020 RES Program Summary

Line No.	APS RES Targets (MWh)	2016	2017	2018	2019	2020
1	APS Estimated Retail Sales	28,521,089	28,996,597	29,558,195	30,140,948	30,599,406
2	APS RES Target - % of Retail Sales	6.0%	7.0%	8.0%	9.0%	10.0%
3	APS Total RES Requirement	1,711,265	2,029,762	2,364,656	2,712,685	3,059,941
4	RES Generation Target	1,197,886	1,420,833	1,655,259	1,898,880	2,141,958
5	Distributed Energy % of RES Requirement	30%	30%	30%	30%	30%
6	Distributed Energy Requirement	513,380	608,929	709,397	813,806	917,982
7	Residential Distributed Energy (50%)	256,690	304,464	354,699	406,903	458,991
8	Non-Residential Distributed Energy (40%)	205,352	243,571	283,759	325,522	367,193
9	Wholesale Distributed Energy (10%) ¹	51,338	60,893	70,940	81,381	91,798
10	Renewable Generation (MWh)	2016	2017	2018	2019	2020
11	RES Generation Target	1,197,886	1,420,833	1,655,259	1,898,880	2,141,958
12	Existing/Planned Generation Owned/Contracted	2,561,160	2,541,191	2,527,614	2,513,660	2,506,575
13	Energy Applied To/(Withdrawn From) APS Bank for RES	1,363,274	1,120,357	872,355	614,781	364,617
14	Customer Sited Distributed Energy (MWh)	2016	2017	2018	2019	2020
15	RES Distributed Energy Requirement	513,380	608,929	709,397	813,806	917,982
16	Estimated Existing Distributed Energy ²	807,469	816,475	825,975	835,872	845,748
17	Energy Applied To/(Withdrawn From) APS Bank for RES	294,089	207,546	116,578	22,067	(72,234)
18	Non-Incented DE Installations	327,008	398,747	464,711	530,675	596,639
19	Total RES Energy (MWh)	2016	2017	2018	2019	2020
20	Total RES Requirement	1,711,265	2,029,762	2,364,656	2,712,685	3,059,941
21	Total Expected RES Production	3,368,629	3,357,666	3,353,589	3,349,533	3,352,324
22	Energy Applied To/(Withdrawn From) APS Bank for RES	1,657,363	1,327,904	988,933	656,847	292,583
23	Non-Incented DE Installations	327,008	398,747	464,711	530,675	596,639
24	APS RES Budget Summary (\$ MIL)	2016	2017	2018	2019	2020
25	Total Renewable Generation ³	\$ 98.2	\$ 75.8	\$ 42.6	\$ 43.2	\$ 44.1
26	Total Distributed Energy ³	\$ 49.6	\$ 46.7	\$ 44.4	\$ 43.7	\$ 43.4
27	Base RES Program Budget	\$ 147.9	\$ 122.5	\$ 87.0	\$ 87.0	\$ 87.5
28	Base Rates ⁴	\$ (6.0)	\$ (6.0)	\$ (6.0)	\$ (6.0)	\$ (6.0)
29	Production Tax Credits	\$ (8.0)	\$ (7.4)	\$ (6.8)	\$ (5.9)	\$ (4.3)
30	Estimated Green Choice Revenue Credit	\$ (1.7)	\$ (1.7)	\$ (1.7)	\$ (1.7)	\$ (1.7)
31	Previous Years Rollover Funds and Other Credits	\$ (14.0)	\$ TBD	\$ TBD	\$ TBD	\$ TBD
32	RES Adjustor Collection ⁴	\$ 118.2	\$ 107.4	\$ 72.5	\$ 73.4	\$ 75.5

Notes:

¹ Per AAC R14-2-1805.

² Does not include non-incentive installations from residential and non-residential energy sources towards compliance. Non-incentive installations defined as installations made by customers without taking a direct cash incentive and without transferring REC ownership to APS.

³ Assumes July 2017 rate case adjudication.

⁴ See Exhibit 1B for RES Adjustor Schedule.

Graph 2. Renewable Energy Standard Targets

Note: Graph 2 does not include carryover credits

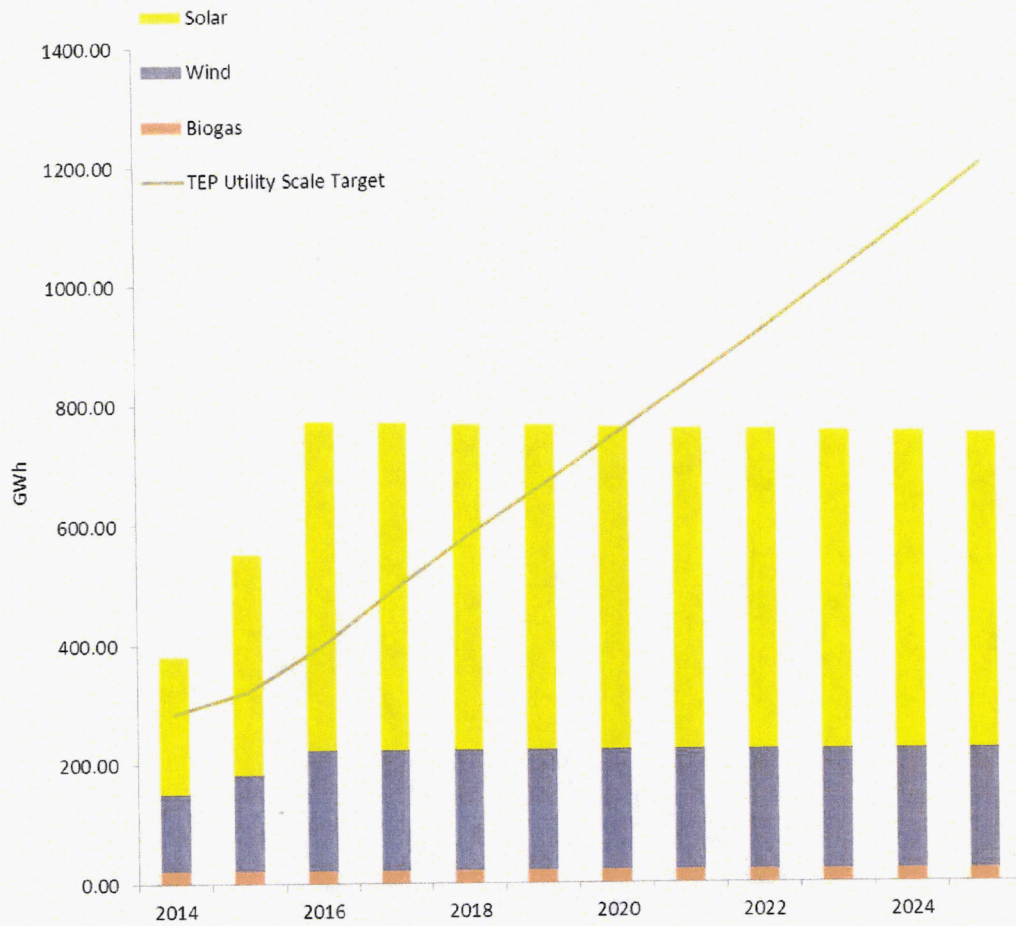


Table 1. Utility Scale Generation

Project	Capacity MW	Annual MWh	Technology	Expected In-Service Date	TEP Owned
Existing Renewable Generation					
SGS (4.6 + 1.81)	6.40	7,265	Fixed PV	Operational	Yes
UASTP I	1.60	2,981	SAT PV	Operational	Yes
* Macho Springs	50.40	130,244	Wind	Operational	No
Picture Rocks	25.00	57,372	SAT PV	Operational	No
Avra Valley	34.41	75,930	Fixed PV	Operational	No
Avalon Solar	35.00	82,563	Fixed PV	Operational	No
UASTP III	5.00	7,835	Fixed PV	Operational	Yes
Solon Prairie Fire	5.00	7,835	Fixed PV	Operational	Yes
Gatos Montes	6.00	10,303	Fixed PV	Operational	No
Cogenra	1.38	2,650	LCPV	Operational	No
Amonix UASTP	2.00	4,049	CPV	Operational	No
E.On Tech Park	6.60	15,300	SAT PV	Operational	No
Valencia Solar	13.20	26,768	SAT PV	Operational	No
White Mountain Solar	10.00	19,947	Fixed/LCPV	Operational	Yes
* Sundt Augmentation	5.00	14,310	Steam Aug	Operational	Yes
Fort Huachuca PHI	17.20	38,635	Fixed PV	Operational	Yes
SunPower (OH & HQ)	0.62	2,076	Fixed PV	Operational	Yes
* Sundt Landfill Gas	4.00	21,100	Biogas	Operational	Yes
Total Existing	228.81	527,164			
Bright Tucson Solar Buildout Plan					
Project	Capacity MW	Annual MWh	Technology	Expected In-Service Date	TEP Owned
Fort Huachuca PHII	5.00	11,231	Fixed PV	15-Nov	Yes
Total Future - BTSBP	5	11,231			
Future Renewable Generation					
Avalon Solar II	21.00	49,787	SAT PV	15-Dec	No
* Red Horse (Wind)	30.00	70,956	Wind	15-Aug	No
* Red Horse (Solar)	41.00	120,610	Solar	15-Aug	No
Total Future - Pending (Contracts)	92.00	241,353			
Total Planned Generation (Contracts)	326	779,748			
Total Planned Generation thru 2016	326	779,748			

* Notes AC Capacity

Graph 1. Renewable Energy Standard Targets

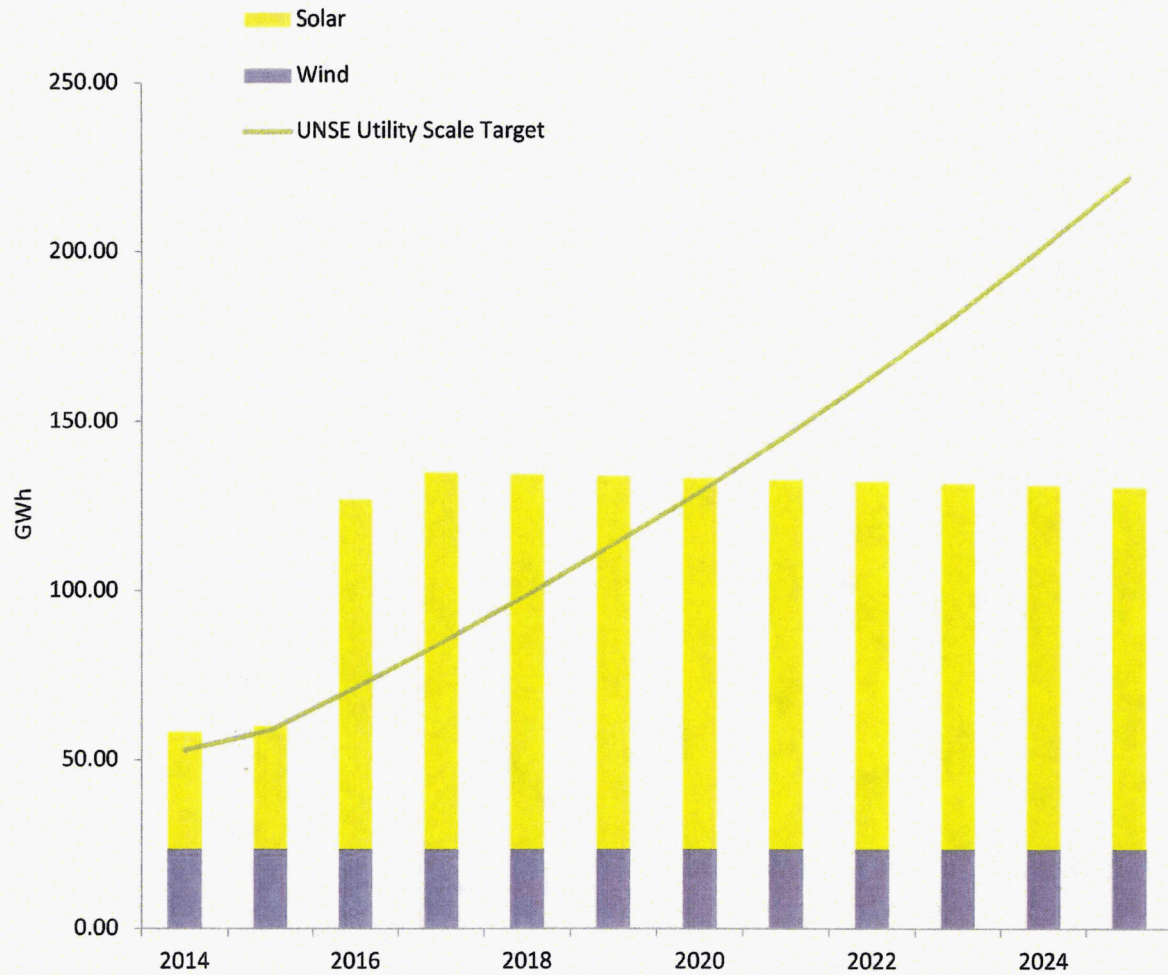


Table 1. Utility Scale Generation

Project	Capacity MW (DC)	Annual MWh	Technology	Expected In- Service Date	UNSE Owned
Existing Renewable Generation					
* Kingman Wind Farm	10	23,652	Wind	Operational	No
Kingman Wind Farm (Solar)	0.3	692	Fixed PV	Operational	No
Black Mountain Solar	9.9	22,881	SAT	Operational	No
La Senita	1.2	2,095	Fixed PV	Operational	Yes
Rio Rico	7.2	11,427	Fixed PV	Operational	Yes
Total Existing	28.6	60,747			
Bright Arizona Solar Buildout Plan					
UNSE 5 MW	5	9,152	TBD	2016	Yes
Total Future - BASBP	5	9,152			
Future Renewable Generation					
* Red Horse II (Expansion)	30	65,345	Fixed PV	Jan-16	No
Total Future – Pending (Contracts)	30	65,345			
Total Planned Generation (Contracts)	63.6	135,245			
Total Planned Generation thru 2016	63.6	135,245			

*Note Capacity reported in AC value

B. Bright Arizona Solar Buildout Plan

In Decision No. 74877 (December 23, 2014), the Commission approved \$5 million each for 2015 and 2016 for the UNS Electric Buildout Plan. Under the Buildout Plan, the Company will complete a procurement solicitation to build a new solar PV facility in 2016. This process will reduce design, engineering, and procurement costs, allow the use of a single interconnection, and create an opportunity to satisfy the minimum 5 MW requirement to qualify for a state production tax credit. The UNS Electric Buildout Plan has been an essential component of the Company's renewable energy strategy; however, as shown in Table 2 below, the Company will